

Nashville District

Human Resources Newsletter

"News You Can Use"

Issue 15-06-03
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The purpose of this newsletter is to keep Nashville District employees informed about personnel issues, concerns, and topics. You are encouraged to review the information and disseminate to your organization. If there are particular areas of interest that you would like to see addressed in future issues, an article of general interest, or general comments, please contact John Restey at 615-736-5538 or John.G.Restey@lrm02.usace.army.mil.

General News:

FSAS Differ From Premium Conversion

As the open season for the new government-wide flexible spending account program continues through June 20, some employees apparently have come to the mistaken belief that the benefit will come automatically through some type of linkage to the Federal Employees Health Benefits program "premium conversion" arrangement. The programs do have some similarities, starting with their tax treatment. Under premium conversion, FEHB premiums can be paid from pre-tax money, while under FSAs, employees can set aside pre-tax up to \$3,000 a year to pay certain medical and dental expenses not covered by FEHB or other health insurance (plus up to \$5,000 for dependent care expenses). Employees eligible for FEHB coverage are eligible to open health care FSAs. And under the tax code, retirees cannot participate in either program since the tax break can come only from payroll dollars going to active employees.

FSA Coverage Not Automatic

Although the two programs are similar in some ways, they have important differences. While premium conversion is automatic unless waived, employees will not get an FSA account unless they open one during the open season--simply participating in premium conversion does not create an FSA. In addition, while premium conversion continues automatically from one year to the next, employees must make a new election for FSA accounts during each open season. Starting this autumn, FSA open seasons will run concurrently with the annual FEHB open seasons for the succeeding calendar year. Interested persons can express their interest in enrolling online at www.fsafeds.com or by calling (877) 372-3337. (Note: Actual enrollments will be processed later, once the

government decides whether fees will be charged. Also, some agencies won't be ready to start the program by the July 1 general effective date--see last week's issue for the status of various agencies).

Risk of Forfeitures Bears Watching

Although it has been disclosed since last fall when the FSA program was first announced that money left in an account at the end of a plan year is forfeited and cannot be rolled over into the following year, that provision apparently is coming as surprise and a shock to some employees considering enrolling in the program. Experts say one approach employees might follow would be to designate only enough money to cover regular and predictable expenses so that they're not faced with a forfeiture. While dependent care costs typically are regular and predictable, health care costs typically aren't, except for example for co-payments for maintenance drugs and similar repeating health expenses. They also note that some employees may choose to join for a year in which they expect to have a one-time major expense not covered by health insurance, such as certain dental procedures, and then drop out for the following year. In any case, the minimum investment in either type of account is \$250 per plan year.

Need a Copy of Your DD214? NPRC Initiates Online Records Request Procedures

The National Personnel Records Center is working to make it easier for veterans with computers and Internet access to obtain copies of documents from their military files.

Military veterans and the next of kin of deceased former military members may now use a new online military personnel records system to request documents. Other individuals with a need for documents must still complete the Standard Form 180 which can be downloaded from the online web site. The new web-based application was designed to provide better service on these requests by eliminating the records center's mailroom processing time. Also, because the requester will be asked to supply all information essential for NPRC to process the request, delays that normally occur when NPRC has to ask veterans for additional information will be minimized. Veterans and next of kin may access this application at <http://vetrecs.archives.gov>. Please note there is no requirement to type "www" in front of the web address.

Decreases in Federal Tax Rate Withholding Brackets

The following attachments contains information regarding recent legislation signed by President Bush changing federal tax withholding brackets for millions of American taxpayers.



CPM 2003-tax.pdf

Health And Benefits:

TSP Funds Grow in May

By Tanya N. Ballard [online Govexec.com](http://www.govexec.com)

All five of the funds in the 401k-style Thrift Savings Plan increased in May, marking the second month of positive returns for the funds this year.

The C fund increased 5.26 percent in May, after an 8.26 percent increase in April. The fund, which invests in common stocks, performed poorly in 2002 and has declined by 7.97 percent since June 2002.

TSP's S fund, which invests in the stocks of small- and mid-sized companies, rose 9.42 percent last month, after increasing 8.31 percent in April. The fund has declined 4.74 percent in the last 12 months.

Full story: <http://www.govexec.com/dailyfed/0603/060503t1.htm>

Food For Thought:

A man who runs in front of a car gets tired. A man who runs behind a car gets exhausted.